

PDFCK 422

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

AUG 31 1990

The University of Maryland
Office of Research Administration and Advancement
ATTN: Mr. V. Medina
2100 Lee Building
College Park, MD 20742-5141

Subject: Cooperative Agreement No. DHR-0015-A-00-0031-00

Dear Mr. Medina:

Pursuant to the authority contained in the Foreign Assistance Act of 1961 and the Federal Grant and Cooperative Agreement Act of 1982, as amended, the Agency for International Development (hereinafter referred to as "A.I.D.") hereby provides to the University of Maryland (hereinafter referred to as "Maryland" or "Recipient") the sum set forth in Section 1C.2. of Attachment 1 of this Cooperative Agreement to provide financial support for the program described in Attachment 2 of this Cooperative Agreement entitled "Program Description."

This Cooperative Agreement is effective as of the date of this letter and funds obligated hereunder shall be used to reimburse the Recipient for allowable program expenditures for the period set forth in Section 1B. of Attachment 1 of this Cooperative Agreement.

The total estimated amount of this Cooperative Agreement is the amount set forth in Section 1C.1. of Attachment 1, of which the amount set forth in Section 1C.2. is hereby obligated. A.I.D. shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount. However, subject to Section 1C.4. of Attachment 1, additional funds may be obligated by A.I.D. until such time as the obligated amount may equal the total estimated amount of this Cooperative Agreement.

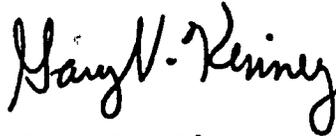
This Cooperative Agreement is made to the Recipient on the condition that the funds will be administered in accordance with the terms and conditions as set forth in the attachments listed under my signature below, which together constitute the entire Cooperative Agreement document and have been agreed to by your organization.

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Please acknowledge receipt and acceptance of this Cooperative Agreement by signing all copies of this Cover Letter, retaining one copy for your files, and returning the remaining copies to the undersigned.

Sincerely yours,



Gary V. Kinney
Agreement Officer
Chief, Resources Branch
A.I.D./W Projects Division
Office of Procurement

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Special Provision entitled "Restrictions on Lobbying"
5. A.I.D. Eligibility Rules (total procurement value over \$250K)

ACKNOWLEDGED:

THE UNIVERSITY OF MARYLAND

BY: 

TYPED NAME: Victor Medina

TITLE: Director, Office of Research Administration and Advancement

DATE: August 30, 1990

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FISCAL DATA

A. GENERAL

- A.1. Total Estimated A.I.D. Amount: \$8,835,000
- A.2. Total Obligated A.I.D. Amount: \$850,000
- A.3. Cost-Sharing Amount: \$ 0
- A.4. Project No.: 936-0015
- A.5. A.I.D. Project Office: PRE/PD, C. GORDON
- A.6. Funding Source: A.I.D./W
- A.7. Tax I.D. No.: 526002033
- A.8. DUNS No.: 00-325-6088

B. SPECIFIC

- B.1.(a) PIO/T No.: 940-0015-3-0342340
- B.1.(b) Appropriation: 72-11_1021.6
- B.1.(c) Allotment: 046-34-099-00-69-01
- B.1.(d) BPC: PDSA-90-13400-KG11
- B.1.(e) Amount: \$850,000

ATTACHMENT 1

SCHEDULE

1A. PURPOSE OF COOPERATIVE AGREEMENT

The purpose of this Cooperative Agreement is to provide financial support for the program described in Attachment 2 of this Cooperative Agreement entitled "Program Description."

1B. PERIOD OF COOPERATIVE AGREEMENT

1B.1 The effective date of this Cooperative Agreement is the date of the Cover Letter and the estimated completion date is 31 August 1995.

1B.2 Funds obligated hereunder (see Section 1C.2. below) shall be used to reimburse the Recipient for allowable program expenditures incurred by the Recipient in pursuit of program objectives at any time during the period beginning on the effective date of this Cooperative Agreement and ending on the estimated completion date. However, because this Cooperative Agreement is incrementally funded (see Section 1C.4. below), funds obligated hereunder are only anticipated to be sufficient for program expenditures through 30 April 1991.

1C. AMOUNT OF COOPERATIVE AGREEMENT AND PAYMENT

1C.1. The total estimated amount of this Cooperative Agreement for its full period, as set forth in Section 1B. above, is \$ 8,835,000.

1C.2. A.I.D. hereby obligates the amount of \$ 850,000 as partial funding of the total estimated amount set forth in Section 1C.1. above for program expenditures during the indicated period set forth in Section 1B. above. Notwithstanding said total estimated amount, A.I.D. shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount, except as specified in paragraph (f) of the Standard Provision of this Cooperative Agreement entitled "Revision of Grant Budget" (see also Section 1C.4. below).

1C.3. Payment shall be made to the Recipient in accordance with procedures set forth in the Standard Provision of this Cooperative Agreement entitled "Payment - Letter of Credit," as shown in Attachment 3.

1C.4. As indicated in Section 1C.2. above, this Cooperative

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Agreement is partially funded. Until such time as the obligated amount (see Section 1C.2. above) shall equal the total estimated amount (see Section 1C.1. above) of this Cooperative Agreement, additional increments of funds may be obligated by A.I.D. under this Cooperative Agreement (by a Cooperative Agreement modification), subject to availability of funds, possible evaluation of the program, program priorities at the time, and the requirements of the Standard Provisions of this Cooperative Agreement entitled "Revision of Grant Budget" and, if applicable (see Section 1K.2. for applicability) "Cost Sharing (Matching)," as set forth in Attachment 3.

1D. COOPERATIVE AGREEMENT BUDGET

1D.1. The following is the Budget for the total estimated amount of this Cooperative Agreement (see Section 1C.1. above) for its full period (see Section 1B. above). The Recipient may not exceed the total estimated amount or the obligated amount of this Cooperative Agreement, whichever is less (see Sections 1C.1. and 1C.2., respectively, above). Except as specified in the Standard Provision of this Cooperative Agreement entitled "Revision of Grant Budget," as shown in Attachment 3, the Recipient may adjust line item amounts as may be reasonably necessary for the attainment of program objectives.

1D.2. Budget

<u>Cost Element</u>	<u>A.I.D.</u>	<u>Buy-Ins (Missions)</u>	<u>Total</u>
SALARIES	\$3,041,012		
INDIRECT COSTS	1,349,072		
FRINGE BENEFITS	669,023		
SUBCONTRACTS/GRANTS	260,000		
TRAVEL	352,000		
CONSULTANTS	868,000		
IRIS SCHOLARS	1,328,421		
OTHER DIRECT COSTS	967,472		
TOTAL	\$8,835,000		

1D.3. Inclusion of any cost in the budget of this Cooperative Agreement does not obviate the requirement for prior approval by the Agreement Officer of cost items designated as requiring prior approval by the applicable cost principles (see the Standard Provision of this Cooperative

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Agreement set forth in Attachment 3 entitled "Allowable Costs") and other terms and conditions of this Cooperative Agreement, unless specifically stated in Section II. below.

1E. REPORTING

1E.1. Financial Reporting

1E.1.(a) Financial reporting requirements shall be in accordance with the Standard Provision of this Cooperative Agreement entitled "Payment - Letter of Credit," as shown in Attachment 3.

1E.1.(b) All financial reports shall be submitted to A.I.D., Office of Financial Management, PFM/FM/CMPD/DCB, Room 700 SA-2, Washington, D.C. 20523-0209. In addition, three copies of all financial reports shall be submitted to the A.I.D. Project Office specified in the Cover Letter of this Cooperative Agreement, concurrently with submission of the Quarterly Reports (See Section 1E.2. below).

1E.1.(c) The frequency of financial reporting and the due dates of reports shall be as specified in the Standard Provision of this Cooperative Agreement referred to in Section 1E.1.(a) above.

1E.2. Program Performance Planning and Reporting

1E.2.(a) RESERVED

1E.2.(c) Quarterly Reports

The Recipient shall submit five (5) copies of quarterly program performance reports, which coincide with the financial reporting periods described in Section 1E.1. above, to the A.I.D. Project Office specified in the Cover Letter of this Cooperative Agreement. In addition, two copies shall be submitted to A.I.D., PPC/CDIE/DI, Washington, DC 20523-1802. These reports shall be submitted within 30 days following the end of the reporting period, and shall briefly present the following information:

1E.2.(c)(1) A summary of activities over the quarter and a comparison of actual accomplishments with the goals established for the period.

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1E.2.(c)(2) Reasons why established goals were not met, if applicable.

1E.2.(c)(3) Other pertinent information including the status of finances and expenditures and, when appropriate, analysis and explanation of cost overruns or high unit costs.

1E.2.(d) Special Reports

Between the required program performance reporting dates, events may occur that have significant impact upon the program. In such instances, the Recipient shall inform the A.I.D. Project Officer as soon as the following types of conditions become known:

1E.2.(d)(1) Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of work units by established time periods. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any A.I.D. assistance needed to resolve the situation.

1E.2.(d)(2) Favorable developments or events that enable time schedules to be met sooner than anticipated or more work units to be produced than originally projected.

1E.2.(d)(3) If any performance review conducted by the Recipient discloses the need for change in the budget estimates in accordance with the criteria established in the Standard Provision of this Cooperative Agreement entitled "Revision of Grant Budget," the Recipient shall submit a request for budget revision to the Agreement Officer and the A.I.D. Project Officer specified in the Cover Letter of this Cooperative Agreement.

1E.2.(e) Annual Workplan

Not later than thirty (30) days prior to the annual anniversary date of this Cooperative Agreement, the Recipient shall submit to the A.I.D. Project Office specified in the cover letter of this Cooperative Agreement five (5) copies of an annual workplan. This workplan will describe program plans by category and provide an estimated budget for the next fiscal year.

1E.2.(f) Technical and Research Reports and Publications

The Recipient shall summarize technical and research activities of the project in reports, and distribute such reports to the appropriate USAID Missions, LDCs, and host country and international institutions in order to share information and experiences. Journal articles and other publications are encouraged. See also Section II. of this Cooperative Agreement pertaining to publications.

1E.2.(g) Environmental Impact

If it appears that outputs of this project will result in an adverse environmental impact, the Recipient shall notify the A.I.D. Project Officer prior to implementation, in order to allow for orderly preparation of an environmental impact statement. The Recipient shall assure that appropriate U.S. Government and/or host country procedures are followed.

1E.2.(h) Trip Reports

Within 30 days following the completion of each international trip, the Recipient shall submit 3 copies of a trip report summarizing the accomplishments of the trip to the A.I.D. Project Officer specified in the cover letter of this Cooperative Agreement, unless the Project Officer specifically waives this requirement in writing. If several individuals are travelling together to one site, a single report representing the group will suffice. The report shall include the purpose of the trip, technical observations, suggestions and recommendations, overall impressions of the site situation (if appropriate), and a list of persons visited with their title and organization affiliation.

1E.2.(i) Training Reports

1E.2.(i)(1) If the Standard Provision entitled "Participant Training" applies to this Cooperative Agreement (see Section

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1K. for applicability), the Recipient shall comply with reporting and information requirements of the Standard Provision of this Cooperative Agreement entitled "Participant Training," as well as Chapters 5 and 24 of A.I.D. Handbook 10.

1E.2.(i)(2) The Recipient shall also provide five (5) copies of annual training reports to the A.I.D. Project Officer, covering this Cooperative Agreement. The report shall include the following information:

- Total number of new trainees during the period; and
- The following information for each LDC trainee:
 - name
 - citizenship
 - sex
 - training site
 - beginning and ending dates of training
 - purpose of training
 - type of training activities
 - source of funding

1E.2.(i)(3) The Recipient shall provide ten (10) copies of all training manuals produced under this Cooperative Agreement to the A.I.D. Project Officer.

1E.2.(j) Care of Laboratory Animals

If the Standard Provision entitled "Care of Laboratory Animals" applies to this Cooperative Agreement (see Section 1K. for applicability), the Recipient shall include the certificate required by paragraph (c) of said Standard Provision in all of its reports which pertain to the use of laboratory animals.

1E.2.(k) Research Involving Recombinant DNA

If any research involving recombinant DNA is being funded hereunder, the Recipient shall comply with the reporting requirements set forth in Section 1I.2.(d) of this Cooperative Agreement.

1E.2.(l) Final Report

Within 90 days following the estimated completion date of this Cooperative Agreement (see Section 1B. above), the Recipient shall submit five (5) copies of a final report to the A.I.D. Project Office specified in the cover letter of this Cooperative Agreement. In addition, two copies shall be submitted to A.I.D., PPC/CDIE/DI, Washington, DC 20523-1802.

It will cover the entire period of the Cooperative Agreement and include all information shown in Sections 1E.2.(b) through 1E.2.(f) above.

1F. SUBSTANTIAL INVOLVEMENT UNDERSTANDINGS

It is understood and agreed that A.I.D. will be substantially involved during performance of this Cooperative Agreement as follows:

1F.1. Annual Workplan - The A.I.D. Project Officer will be consulted during the development of the annual workplans and have the right of review and joint participation in the development of all areas of the workplan where A.I.D. funds are included.

1F.2. Workplan Revisions/Deviations - The A.I.D. Project Officer will be consulted and have the right of approval for revisions of and/or deviations from the annual workplan which involves the use of A.I.D. funds.

1F.3. Field Visits - Pursuant to the standard provision of this Cooperative Agreement entitled "Air Travel and Transportation," the relevant A.I.D. Mission must provide advance approval of international travel.

1F.4. A.I.D. Review of Newsletter - See Special Provision "Publications" (NOV 1985).

1F.5. Consultants - The A.I.D. Agreement officer retains the right to approve, in advance, the selection of consultants retained by the Recipient.

1F.6. Planning - Joint A.I.D./Recipient planning regarding the establishment and finalization of conference agenda, identification/finalization of conference speakers and the identification of potential attendees.

1F.7. Staff Recruitment - A.I.D. Consultation/Participation in the recruitment of Key Personnel, to include the Executive Director. The University of Maryland will retain final selection authority.

1F.8. Subcontracts and Subagreements - The A.I.D. Project Officer and Agreement Officer retain the right to approve, in advance, the terms of reference or scope of work and associated costs of all subcontracts and subgrants awarded by the Recipient. If required by Paragraphs (b)(5) or (b)(6) of the Standard Provision entitled "Revision of Grant Budget," or the

Standard Provision entitled "A.I.D. Eligibility Rules for Goods and Services," the Agreement Officer must approve subcontracts (see the Standard Provision entitled "Procurement of Goods and Services") and subagreements (see the Standard Provision entitled "Subagreements").

1G. PROCUREMENT AND (SUB)CONTRACTING

1G.1. Applicability

This Section 1G. applies to the procurement of goods and services by the Recipient (i.e., contracts, purchase orders, etc.) from a supplier of goods and services (see the Standard Provisions of this Cooperative Agreement entitled "Procurement of Goods and Services" and "AID Eligibility Rules for Goods and Services"), and not to assistance provided by the Recipient (i.e., a [sub]grant or subagreement) to a subrecipient (see the Standard Provision of this Cooperative Agreement entitled "Subagreements").

1G.2. Requirements

In addition to other applicable provisions of this Cooperative Agreement, the Recipient shall comply with paragraph (b)(1) of the Standard Provision of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services," concerning total procurement value of less than \$250,000 under this Cooperative Agreement. If, under the order of preference set forth in paragraph (b)(1)(i) of said Standard Provision, the Recipient procures goods or services from cooperating country sources, the Standard Provision of this Cooperative Agreement entitled "Local Cost Financing" shall also apply. However, paragraph (b)(1) of the Standard Provision entitled "AID Eligibility Rules for Goods and Services" does not apply to: the restricted goods listed in paragraph (a)(3) of said Standard Provision and paragraph (e) of the Standard Provision entitled "Local Cost Financing," which must be specifically approved by the Agreement Officer in all cases, except to the extent that such approval may be provided in Section II. below; or to paragraph (d) of said Standard Provision pertaining to air and ocean transportation, to which the Standard Provisions entitled "Air Travel and Transportation" and "Ocean Shipment of Goods" apply, respectively. Paragraph (b)(2) of the Standard Provision entitled "AID Eligibility Rules for Goods and

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Services" does not apply.

1G.3. Approvals

Inclusion of costs in the budget of this Cooperative Agreement for the purchase of nonexpendable equipment, including any automatic data processing equipment, xerox machines and fax machines obviates neither the requirement of Section J.13. of OMB Circular A-21 (for educational institutions) or Section 13 of Attachment B of OMB Circular A-122 (for nonprofit organizations other than educational institutions) for prior approval of such purchases by the Agreement Officer, nor any other terms and conditions of this Cooperative Agreement, unless specifically stated in Section 1I. below.

1G.4. Title to Property

Title to property acquired hereunder shall vest in the Recipient, subject to the requirements of the Standard Provision of this Cooperative Agreement entitled "Title To and Use of Property (Grantee Title)" regarding use, accountability, and disposition of such property, except to the extent that disposition of property may be specified in Section 1I. below.

1H. INDIRECT COST RATES

1H.1. Pursuant to the Standard Provision of this Cooperative Agreement entitled "Negotiated Indirect Cost Rates - Provisional" and, if applicable (see Section 1K.2. below), "Negotiated Indirect Cost Rates - Predetermined," an indirect cost rate or rates shall be established for each of the Recipient's accounting periods which apply to this Cooperative Agreement. Payments on account of allowable indirect costs shall be made on the basis of final or predetermined indirect cost rates for each accounting period which applies to this Cooperative Agreement, but not in excess of the following ceiling rate(s) applied to the base(s) which is (are, set forth below. Any indirect costs above the ceiling rate(s) shall be absorbed by the Recipient and considered cost sharing.

<u>Type</u>	<u>Rate</u>	<u>Base</u>
On-Campus/Home Office	<u>0.0%</u>	1/
Off-Campus/Off-Site	<u>25.0%</u>	1/
Fringe Benefits	22.0%	2

1/ Base of Application: All costs except rent, subgrants, IRIS scholars and equipment.

2/ Base of Application: Direct Labor

II. SPECIAL PROVISIONS

II.1. Limitations on Reimbursement of Costs of Compensation for Personal Services and Professional Service Costs

II.1.(a) Employee Salaries

Except as the Agreement Officer may otherwise agree in writing, A.I.D. shall not be liable for reimbursing the Recipient for any costs allocable to the salary portion of direct compensation paid by the Recipient to its employees for personal services which exceed the highest salary level for a Foreign Service Officer, Class 1 (FS-1), as periodically amended.

II.1.(b) Consultant Fees

Compensation for consultants retained by the Recipient hereunder shall not exceed, without specific approval of the rate by the Agreement Officer: either the highest rate of annual compensation received by the consultant during any full year of the immediately preceding three years; or the maximum rate of a Foreign Service Officer, Class 1 (FS-1) (as periodically amended), whichever is less. A daily rate is derived by dividing the annual compensation by 2,087 and multiplying the result by 8.

II.2. Compliance With Federal Guidelines and Regulatory Procedures Pertaining to Recombinant DNA

II.2.(a) The Recipient shall implement any research activities under this Cooperative Agreement which involve recombinant DNA in accordance with:

II.2.(a)(1) The National Institutes of Health Guidelines for Research Involving Recombinant DNA Molecules;

II.2.(a)(2) Procedures issued by the U.S. Department of Agriculture (USDA), the Environmental Protection Agency (EPA), or other appropriate Federal agency;

II.2.(a)(3) A.I.D.'s environmental procedures; and

II.2.(a)(4) Such other Federal guidelines and procedures as may apply during the course of research.

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11.2.(b) The Recipient cannot commence testing in any foreign location until written approval for such testing is obtained from the A.I.D. Project Officer and the government of the country where testing is planned. Testing shall be conducted in accordance with all applicable regulations of that country.

11.2.(c) In addition, and prior to commencement of any such testing, the Recipient shall make a judgement and communicate same to the A.I.D. Project Officer as to whether the regulations, procedures, or facilities of the country in question are adequate to ensure testing in an environmentally sound manner. In the event such judgement is that they are not, the Recipient and the A.I.D. Project Officer will consult and agree on the conditions to be applied to the testing which will have such environmental effect.

11.2.(d) Reports submitted to A.I.D. under this Cooperative Agreement will address regulatory issues as noted above related to the activity.

11.3. Publications

11.3.(a) The Recipient agrees to provide one copy of the manuscript of any proposed publication to the A.I.D. Project Officer not later than submission to the publisher, and to give serious consideration to any comments received from the A.I.D. Project Officer.

11.3.(b) In the case of publication of any of the reports described in Section 1E.2. of this Cooperative Agreement, A.I.D. reserves the right to disclaim endorsement of the opinions expressed. For other publications, A.I.D. reserves the right to dissociate itself from sponsorship or publication. In both cases, the Recipient will consult with the A.I.D. Project Officer as to the nature and extent of any A.I.D. disclaimer of endorsement or dissociation from sponsorship or publication.

11.3.(c) If A.I.D. does not choose to disclaim endorsement or dissociate itself from sponsorship or publication, the Recipient shall, in accordance with the Standard Provision of this Cooperative Agreement entitled "Publications," acknowledge A.I.D. support as follows:

"This publication was made possible through support provided by the Bureau of Private Enterprise, U.S. Agency for International Development, under Cooperative Agreement No. DHR-0015-A-00-0031-00."

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11.3.(d) In addition to providing one copy of all published works and lists of other written work produced under this Cooperative Agreement to the A.I.D. Project Officer, as required by paragraph (b) of the Standard Provision of this Cooperative Agreement entitled "Publications," the Recipient shall also provide two copies of such publications and lists to A.I.D., PPC/CDIE/DI, Washington, D.C. 20523-1802.

11.4. Equipment and Other Capital Expenditures

11.4.(a) Requirement for Prior Approval

Pursuant to Sections 1D.3. and 1G.3. above and the Standard Provisions of this Cooperative Agreement entitled "Allowable Costs" and "Revision of Grant Budget," and by extension, Section J.13. of OMB Circular A-21, the Recipient must obtain A.I.D. Agreement Officer approval for the following:

11.4.(a)(1) Purchase of General Purpose Equipment, which is defined as an article of nonexpendable tangible personal property, the use of which is not limited only to research, medical, scientific, or other activities [e.g., office equipment and furnishings, air conditioning equipment, reproduction and other equipment, motor vehicles, and automatic data processing equipment, having a useful life of more than two years and an acquisition cost of \$500 or more per unit);

11.4.(a)(2) Purchase of Special Purpose Equipment, which is defined as an article of nonexpendable tangible personal property, which is used only for research, medical, scientific, or other technical activities, and which has a useful life of more than two years and an acquisition cost of \$1,000 or more per unit); and

11.4.(a)(3) Other Capital Expenditures, which is defined as the cost of the asset, including the cost to put it in place).

11.4.(b) Approvals

In furtherance of the foregoing, the Agreement Officer does hereby provide approval for the following purchases, (the costs of which are included in the budget set forth in Section 1.D.2. of this Cooperative Agreement), which shall not be construed as authorization to exceed the total estimated amount or the obligated amount of this Cooperative Agreement, whichever is less (see Section 1C. above):

NONE

11.4.(c) Exception for Automation Equipment

Any approval for the purchase of automation equipment which may be provided in Section 11.4.(b) above or subsequently provided by the Agreement Officer is not valid if the total cost of purchases of automation equipment (e.g., computers, word processors, etc.), software, or related services made hereunder will exceed \$100,000. The Recipient must, under such circumstances, obtain the specific written approval of the Agreement Officer for the total planned system of any automation equipment, software, or related services.

11.4.(d) Compliance with A.I.D. Eligibility Rules

Any approvals provided in Section 11.4.(b) above or subsequently provided by the Agreement Officer shall not serve to waive the A.I.D. eligibility rules described in Section 1G. of this Cooperative Agreement, unless specifically stated.

11.5. Restricted Goods

Pursuant to Section 1G. above, paragraph (a)(3) of the Standard Provisions of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services," and, if applicable (see Section 1K. below for applicability), paragraph (e) of the Standard Provision of this Cooperative Agreement entitled "Local Cost Financing," the Agreement Officer's approval is required for purchase of the restricted goods described therein. In furtherance thereof, the Agreement Officer does hereby provide such approval to the extent set forth below. The Agreement Officer's approval is required for purchases of such restricted goods if all of the conditions set forth below are not met by the Recipient. Any approval provided below or subsequently provided by the Agreement Officer shall not serve to waive any terms and conditions of this Cooperative Agreement unless specifically stated.

11.5.(a) Agricultural Commodities

Agricultural commodities may be purchased provided that they are of U.S. source (generally, the country from which the commodities are shipped) and origin (generally, the country in which the commodities are mined, grown, or produced) and purchased from a U.S. supplier, except that wheat, rice, corn, soybeans, sorghums, flour, meal, beans, peas, tobacco, hides and skins, cotton, vegetable oils, and animal fats and oils cannot be purchased under any circumstances without the prior written approval of the Agreement Officer.

11.5.(b) Motor Vehicles

Motor vehicles, if approved for purchase under Section 11.4.(b) above or subsequently approved by the Agreement Officer, must be of U.S. manufacture and must be of at least 51% U.S. componentry. The origin of the motor vehicles, and the nationality of the supplier of the vehicles, must be in accordance with Section 1G.2. above. Motor vehicles are defined as self-propelled vehicles with passenger carriage capacity, such as highway trucks, passenger cars and busses, motorcycles, scooters, motorized bicycles, and utility vehicles. Excluded from this definition are industrial vehicles for materials handling and earthmoving, such as lift trucks, tractors, graders, scrapers, and off-the-highway trucks.

11.5.(c) Pharmaceuticals

Pharmaceuticals may be purchased provided that all of the following conditions are met: (1) the pharmaceuticals must be safe and efficacious; (2) the pharmaceuticals must be of U.S. source and origin (see Section 1G. above); (3) the pharmaceuticals must be of at least 51% U.S. componentry (see Section 1G. above); (4) the pharmaceuticals must be purchased from a supplier whose nationality is in the U.S. (see Section 1G. above); (5) the pharmaceuticals must be in compliance with U.S. Food and Drug Administration (FDA) (or other controlling U.S. authority) regulations governing United States interstate shipment of pharmaceuticals; (6) the manufacturer of the pharmaceuticals must not infringe on U.S. patents; and (7) the pharmaceuticals must be competitively procured in accordance with the procurement policies and procedures of the Recipient and the Standard Provision of this Cooperative Agreement entitled "Procurement of Goods and Services."

11.5.(d) Pesticides

Pesticides may only be purchased if the purchase and/or use of such pesticides is for research or limited field evaluation by or under the supervision of project personnel. Pesticides are defined as substances or mixtures of substances: intended for preventing destroying, repelling, or mitigating any unwanted insects, rodents, nematodes, fungi, weeds, and other forms of plant or animal life or viruses, bacteria, or other micro-organisms (except viruses, bacteria, or other micro-organisms on or living in man or other living animals); or intended for use as a plant regulator, defoliant, or dessicant.

11.5.(e) Rubber Compounding Chemicals and Plasticizers

Rubber compounding chemicals and plasticizers may only be purchased with the prior written approval of the Agreement Officer.

11.5.(f) Used Equipment

Used equipment may only be purchased with the prior written approval of the Agreement Officer.

11.5.(g) Fertilizer

Fertilizer may only be purchased with the prior written approval of the Agreement Officer.

11.6. Care of Laboratory Animals Outside the U.S.

It is understood and agreed that the Recipient shall comply with the Standard Provision of this Cooperative Agreement entitled "Care of Laboratory Animals" for activities outside the U.S. to the maximum practical extent. To the extent that the Recipient is unable to comply with said Standard Provision for activities outside the U.S., it is understood and agreed that the Recipient shall comply with the following principles for the utilization, care, and transportation of vertebrate animals used in testing, research, and training:

11.6.(a) The transportation, care, and use of animals should be in accordance with the Animal Welfare Act (7 U.S.C. 2131 et seq.) and other applicable Federal laws, guidelines, and policies (for guidance throughout these principles, the Recipient is referred to the Guide for the Care and Use of Laboratory Animals prepared by the Institute of Laboratory Animals Resources, National Research Council).

11.6.(b) Procedures involving animals shall be designed and performed with due consideration of their relevance to human or animal health, the advancement of knowledge, or the good of society.

11.6.(c) The animals selected for a procedure should be an appropriate species and quality and the minimum number required to obtain valid results. Methods such as mathematical models, computer simulation, and in vitro biological systems must be considered.

11.6.(d) Proper use of animals, including the avoidance or minimization of discomfort, distress, and pain when consistent

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with sound scientific practices is imperative. Unless the contrary is established, investigators shall consider that procedures which cause pain or distress in human beings may cause pain and distress in other animals.

11.6.(e) Procedures with animals that may cause more than momentary or slight pain or distress shall be performed with appropriate sedation, analgesia, or anesthesia. Surgical or other painful procedures shall not be performed on unanesthetized animals paralyzed by chemical agents.

11.6.(f) Animals that would otherwise suffer severe or chronic pain or distress that cannot be relieved shall be painlessly killed at the end of the procedure, or, if appropriate, during the procedure.

11.6.(g) The living conditions of animals shall be appropriate for their species and contribute to their health and comfort. Normally, the housing, feeding, and care of all animals used for biomedical purposes must be directed by a veterinarian or other scientist trained and experienced in the proper care, handling, and use of the species being maintained or studied. In any case, veterinary care shall be provided as indicated.

11.6.(h) Investigators and other personnel shall be appropriately qualified and experienced for conducting procedures on living animals. Adequate arrangements shall be made for their in-service training, including the proper and humane care and use of laboratory animals.

11.6.(i) Where exceptions are required from these principles, the decisions shall not rest with the investigators directly concerned, but shall be made, with due regard to Section 11.6.(b) above, by an appropriate review group such as an institutional animal research committee. Such exception shall not be made solely for the purpose of teaching or demonstration.

(If the Recipient proposes to purchase any nonexpendable equipment with a unit price of \$1,000 or more, and if the Recipient proposes, and the Project Officer and MS/MO concur in, the disposition of such equipment, add the following)

11.7. Disposition of Property

With reference to Sections 1G.4. and 11.4.(b) above, disposition of nonexpendable property acquired hereunder shall be as follows:

NONE

1J. RESOLUTION OF CONFLICTS

Conflicts between any of the Attachments of this Cooperative Agreement shall be resolved by applying the following descending order of precedence:

- Attachment 1 - Schedule
- Attachment 3 - Standard Provisions
- Attachment 4 - Special Provision entitled "Restrictions on Lobbying"
- Attachment 5 - A.I.D. Eligibility Rules
- Attachment 2 - Program Description

1K. STANDARD PROVISIONS

The Standard Provisions set forth as Attachment 3 of this Cooperative Agreement consist of the following Standard Provisions denoted by an "X", which are attached hereto and made a part of this Cooperative Agreement:

1K.1. Mandatory Standard Provisions For U.S., Nongovernmental Grantees

- (X) Allowable Costs (November 1985)
- (X) Accounting, Audit, and Records (January 1988)
- (X) Refunds (January 1988)
- (X) Revision of Grant Budget (November 1985)
- (X) Termination and Suspension (May 1986)
- (X) Disputes (November 1989)
- (X) Ineligible Countries (May 1986)
- (X) Debarment, Suspension, and Other Responsibility Matters (March 1989)
- (X) Nondiscrimination (May 1986)
- (X) U.S. Officials Not to Benefit (November 1985)
- (X) Nonliability (November 1985)
- (X) Amendment (November 1985)
- (X) Notices (November 1985)

1K.2. Additional Standard Provisions For U.S., Nongovernmental Grantees

- (X) Payment - Letter of Credit (November 1985)
- () Payment - Periodic Advance (January 1988)
- () Payment - Cost Reimbursement (November 1985)
- (X) Air Travel and Transportation (November 1985)
- () Ocean Shipment of Goods (May 1986)

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- (X) Procurement of Goods and Services (November 1985)
- (X) AID Eligibility Rules for Goods and Services (November 1985)
- (X) Subagreements (November 1985)
- (X) Local Cost Financing (November 1988)
- () Patent Rights (November 1985)
- (X) Publications (November 1985)
- (X) Negotiated Indirect Cost Rates - Predetermined (May 1986)
- () Negotiated Indirect Cost Rates - Provisional (May 1986)
- (X) Regulations Governing Employees (November 1985)
- (X) Participant Training (May 1986)
- () Voluntary Population Planning (August 1986)
- () Protection of the Individual as a Research Subject (November 1985)
- () Care of Laboratory Animals (November 1985)
- (X) Government Furnished Excess Personal Property (November 1985)

- (X) Title To and Use of Property (Grantee Title) (November 1985)
- () Title To and Care of Property (U.S. Government Title) (November 1985)
- () Title To and Care of Property (Cooperating Country Title) (November 1985)
- () Cost Sharing (Matching) (November 1985)
- (X) Use of Pouch Facilities (November 1985)
- (X) Conversion of United States Dollars to Local Currency (November 1985)

PROGRAM DESCRIPTION

PURPOSE OF COOPERATIVE AGREEMENT

The IRIS Center at University of Maryland will implement the Institutional Reform and the Informal Sector (IRIS) Project as described below.

I. GOAL

The main goal of the IRIS program is to support institutional reforms that enhance competitive markets and democratic processes in selected countries. The program will play a catalytic role by supporting a variety of activities aimed at enabling local institutions and individuals in developing countries and in Eastern Europe to undertake their own institutional reform programs. The underlying rationale of the IRIS project is that to understand the process of economic development and the reforms needed in developing countries and in societies abandoning centrally-planned economies, it is necessary to understand the importance of institutions (legal, political, and administrative) for sustained economic growth.

II. PURPOSE

The IRIS Center has three main purposes:

1. To Promote Better Institutions

The main purpose of the Center is to promote improved laws, regulations, organizational structures, and decision-making processes in participating countries by enabling local organizations and individuals in selected countries to undertake research and action programs on institutional reform. This purpose will be accomplished by supporting training, information dissemination, and organizational development activities in different countries, as well as research and technical cooperation activities aimed at identifying, studying, and improving the institutions needed for efficient markets that will encourage widespread

private sector participation.

2. To Build Increased International Awareness of the Role of Institutions in Economic Development

A second purpose of the IRIS Center is to build an increased domestic and international awareness of the need to examine the role of institutions in economic development and of the benefits derived from an appropriate institutional infrastructure. IRIS aims at invigorating the debate in the United States and internationally on key elements of economic growth/development strategies. An important objective of IRIS is thus to promote more dialogue on institutional reform issues among developing countries (South - South), between developing countries and Eastern Europe (South - East), and between developed and developing countries (North - South).

3. To Expand the Knowledge Base on the Relationship between Institutions and Economic Growth and Examine New Approaches to Institutional Reform

A third purpose of the IRIS Center is to expand the knowledge base on the relationship between institutions and economic growth and to examine new approaches to institutional reform. Hence, there is a need to examine alternative strategic approaches to institutional reform that will further a better, more comprehensive understanding of the institutional requirements for attaining adequate and sustainable rates of economic growth through broad-based private sector participation in the economy.

In pursuing this purpose, the IRIS Center will support research and development activities on the institutional and legal infrastructures that advance or constrain economic development. These activities will be linked to field work, as the IRIS Center strives to encourage and support private sector groups and individuals in developing countries and in Eastern Europe to develop their own local approaches to institutional reform.

III. APPROACH

A fundamental assumption of this program is that the approach adopted in each country must be tailored to the specific conditions in that country, and that any research or action program that it supports must be "home-grown." IRIS will only assist countries where there is a local constituency for institutional reform. IRIS programs will

be country-specific and the types of activities and approaches will vary according to the particular needs and circumstances of different countries.

The IRIS Center will support three basic types of country activity, depending on local circumstances. These country-specific activities will be financed primarily from Mission add-ons.

- o Exposure/Promotion: Because of prevailing political and economic conditions in certain countries, the IRIS Center will limit support to conferences, publications, and other information dissemination activities aimed at building awareness of the importance of institutional reform. This focus will be the case in countries with governments that are especially resistant to public advocacy.
- o Selected Institutional Reform Activities: In some countries, a range of private sector groups and individuals with interest in institutional reform may be emerging. In these countries, IRIS activities will involve workshops, collaborative research activities, and training on specific aspects of institutional reform.
- o Comprehensive Institutional Reform Programs: In still other countries, local private sector groups and research institutes may be undertaking comprehensive institutional reform programs. In these countries, IRIS will provide a full range of services including specialized collaborative research activities, in-country and third-country training, seminars and communications support, and other resources to enhance the capacity of these organizations to administer their institutional reform programs.

IV. PROJECT ACTIVITIES

The IRIS Center will support five major types of activities: (1) organizational development; (2) collaborative research; (3) training in institutional reform; (4) information dissemination/outreach; and (5) development of the knowledge base and strategic approaches.

1. Organizational Development

The IRIS Center seeks to involve local private sector

groups and research institutions from the early stages of a country program. In fact, IRIS will only implement programs in countries where local constituencies are interested, committed, and capable of implementing an institutional reform program. Thus, a key activity and one of the first priorities of IRIS will be to assess institutional reform opportunities in different A.I.D. assisted countries and in Eastern Europe, and to identify individuals and institutions capable of undertaking an IRIS-type program in their countries. An outgrowth of this activity will be an inventory of organizations, including private sector groups, research institutes and think tanks engaged in institutional reform activities in selected developing countries and in Eastern Europe. IRIS will also identify US institutions, scholars, and practitioners engaged in similar research activities, and build networks among these different groups.

Because of unique conditions in different countries, organizational development activities, like other project activities, will vary according to country-specific requirements. In support of organizational development, the IRIS Center can provide the following types of services: publications and other written materials on institutional reform; workshops to exchange ideas and information about institutional reform programs in different countries; specialists in a variety of fields to assist with specific reform proposals; and training in specific areas of need to the organization.

The underlying objective of organizational development activities will be to enable local groups and organizations to develop the fundamental skills required to implement their own research and action programs on institutional reform. The role of IRIS is thus a catalytic one aimed at enabling local people to undertake their own reform programs.

2. Collaborative Research

The research and technical collaboration component of the project is designed to assist local groups and individuals in selected countries in: (a) identifying the particular set of institutional deficiencies that are constraining growth in their countries and (b) developing strategies for removing institutional impediments and for creating laws and rule-making processes that will facilitate growth.

Support will be given to research efforts that are policy-driven and aim at institutional transformation.

Moreover, a collaborative research approach will be emphasized by the IRIS Center. Individuals in developing countries will have the lead role in setting and carrying out the research agenda in their countries. The role of the IRIS Center will be to provide research guidance and support principally in response to perceived needs of local groups seeking to extend their research activities. These collaborative research efforts will be complemented by the core research and development activities described in #5 below.

Collaborative research activities may include assistance to local private sector groups and individuals with specific questions regarding research methodology, organizational design, and strategy development and implementation. A local research institute may need assistance in improving its methodology for measuring the extent of informal sector activity in a particular economic sector. Or, a local group may have identified the need to reform a particular aspect of law and require expertise in this area. Thus, IRIS will collaborate with a select number of local institutes, think tanks or private sector groups engaged in research/advocacy in the area of institutional reform.

3. Training

Because many of the concepts and approaches needed to guide institutional reform programs are new, few people in the developed and developing countries have the basic knowledge that is required to undertake or to assist others in undertaking these types of programs. Even in the United States, where most of the literature on institutional reform has been developed, few scholars or professionals in the fields of economics, law, or political science are trained in the fundamentals of institutional reform. Likewise, developing country reformers also lack information about state-of-the-art concepts and how these can help them design and implement appropriate institutional change programs. Also, the learning-by-doing that is an integral part of IRIS projects needs to be written up in forms suitable for passing on successful practices to a new round of practitioners.

The IRIS Center will therefore have a multidimensional training component aimed at several constituencies. The following types of training are proposed:

(a) Short-term in-country or third-country training:

Depending on host country demands and available resources,

, training workshops will be held in-country or in third countries. In other cases, training programs will be coordinated with the ILD, or held on a regional basis. Short-term training programs will be designed for individuals and organizations in selected IRIS countries who are involved in research or action programs in institutional reform. Since there will be three classes of targeted countries -- those beginning to think about how to organize and mobilize for institutional reform, those in an intermediate state, and those with existing action efforts and established centers and leadership, and because local conditions will differ from case to case, these training programs will have to be tailored to need, within a general framework.

(b) Short-term training for professionals in the United States:

Because of the scarcity of professionals in the development field with basic knowledge of institutional reform concepts and approaches, IRIS will develop a strategy for training senior and junior professionals who work on institutional reform activities for the IRIS Center. The purpose is to provide a larger number with the conceptual and operational tools in the field of institutional reform.

(c) Internships:

In order to address the need for added resource persons in the field of institutional reform, the IRIS project will fund two to four professional interns each year. These may be Ph.D. candidates at the dissertation stage or young professionals holding advanced degrees in such fields as law, political science, public administration, or economics. They will be recruited globally on a competitive basis. In return for their stipends they will work with senior staff of IRIS as they continue their training. Traineeships will typically last for 12 months. In addition, IRIS will consider two other types of internship programs: (i) bringing an A.I.D. professional to work on the IRIS staff for 6 - 12 months, and (ii) sending a graduate student in the United States with the requisite background in institutional reform to work with an organization in the Third World on its reform program.

Resource Materials

Training programs will be based on an integrated set of modular materials. These will be drawn from three different sources: i) academic writings in the fields of

institutional development and reform, ii) the working papers and professional papers generated by IRIS projects, conferences, and research, and iii) case studies, again based on actual results obtained in IRIS work. All will be action-oriented and many will be multi-disciplinary.

IRIS and the Institute for Liberty and Democracy (ILD) will exchange materials and seek to complement the ILD's efforts. It is expected that early IRIS in-country experiences will be an important basis for the training materials.

4. Information Dissemination/Outreach

The IRIS Center seeks to influence the way people think about economic development and promote a new, institutional approach to the study of development and underdevelopment. To have the desired catalytic effect, IRIS will reach a broad audience both in the United States and overseas. IRIS proposes to reach policymakers in developing countries as well as statesmen in the United States who formulate development assistance programs. IRIS proposes to also reach development practitioners in the United States and overseas who implement development programs. Moreover, IRIS proposes to identify scholars in academic and research institutions who are responsible for training the next generation of thinkers and development practitioners.

A key objective of IRIS outreach activities is to serve as a center for and thus to facilitate the exchange of ideas between developing countries, between developing countries and Eastern Europe, and between developing countries and the United States. For this purpose, the IRIS Center will undertake the following outreach activities:

- o Clearinghouse function: The IRIS Center will serve as a clearinghouse for information on institutional reform and the informal sector. A first activity will involve collecting materials on this topic and establishing an inventory or information base on institutional reform.
- o Newsletter: The purpose of the newsletter will be to provide a current and brief source of information on institutional reform and of the activities of IRIS and other similar projects to a wide audience. Thus, the IRIS Center newsletter distributed to a wide audience will be a key means of communicating institutional reform activities.

5. Development of the Knowledge Base and Strategic Approaches

A key assumption of the IRIS project is that ideas are a powerful tool for implementing change and that good ideas are essential to successful change. Accordingly, a key activity of the Center will be to build the knowledge base and to examine alternative strategic approaches to achieve better institutional changes.

The IRIS Center will stimulate and support research activities that will help the project understand and design successful institutional changes and effectively help the people who have had to find their livelihoods in informal and not-fully-legal ways. In doing this IRIS will be encouraging fundamental and far-reaching changes in the way people think about economic development, even as it helps in the week-by-week activities of IRIS in selected countries.

For these reasons, the IRIS Center will support research and development activities that examine the different institutional conditions that have contributed to or constrained economic growth opportunities in different countries and apply the insights gained from past and current inquiries to the development of the knowledge base and strategic approaches to institutional reform. Thus, in supporting core research and development efforts, the IRIS Center aims at identifying and developing alternative approaches to institutional change and at facilitating their adaptation for use in developing countries.

This activity will include the following:

- o Working Papers: The IRIS Center will publish a working paper series. These papers will come from researchers, scholars, and practitioners in both developing and developed countries. Information about these papers will appear in the newsletter and the papers will be distributed around the world upon request.
- o Regular Books, Monographs, and Articles: The best of the working papers will be published in a volume series or as monographs and articles.
- o Conferences: Over its five-year span, the IRIS Center will host three to five conferences on different aspects of institutional reform. The first

conference will most likely be on Institutional Reform in Eastern Europe. It will be a major conference for think tanks, government leaders, and private sector groups to provide exposure to ideas on the institutional requirements for economic growth and effective democratic processes.

- o Workshops/Seminars: The IRIS Center will also host more frequent, but smaller gatherings to tackle specific problems. These workshops will be held in target countries or in the United States.

V. COUNTRY SELECTION CRITERIA

IRIS Center staff will work with interested local organizations in determining the most appropriate type of IRIS assistance. Initial site visits to local organizations that have expressed interest in IRIS are anticipated. The IRIS Center will support three different types of activities depending on the political, economic and social conditions in different countries. Exposure/promotion activities for local groups in the initial stages of organizing and mobilizing for institutional reform will be undertaken in a broader range of countries. Comprehensive activities in support of local groups in an intermediate state or for those with more active and better established reform programs will be undertaken only in a limited number of countries. The principal criteria for selecting countries in the latter category are the following:

- o There are interested local individuals and organizations capable and committed to a program of institutional reform;
- o There are sufficient resources and commitment to undertaking an institutional reform program;
- o The prevailing political and economic environment is conducive to reform;
- o There is potential for the country to have a demonstration effect.

VI. IRIS Center Operations

Overview of Approach

The IRIS Center will develop new, innovative approaches to the

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reform of institutions and the legal infrastructures supporting competitive economic activity in selected countries. Recent institutional reform activity undertaken by the Institute for Liberty and Democracy in Peru has demonstrated that it is necessary to study successful institutions and legal infrastructures and adapt them to the needs of a particular developing country taking into consideration its local laws, regulations, traditions and culture. Most often these successful models are found in North America and/or Europe.

This concept is contrary to the traditional approach to economic development which has, in the past, concentrated primarily on the analysis of developing country problems with minimal regard to the successful institutions and legal infrastructures in place in developed countries. The result has been the advocacy of solutions that development economists would frequently not consider recommending in their own countries. The IRIS Center will see to establish a modus operandi that recognizes this fundamental shift in approach to institutional reform in support of competitive economic policy for developing countries. In essence, the Center will build a conduit through which innovative approaches to institutional reform may flow to the developing world.

Organizational Linkages

The IRIS Center seeks to match qualified talent from a variety of disciplines to the needs in target countries. The IRIS Center will therefore utilize a wide variety of individuals from other organizations.

In-Country Support

In-country collaborative research activities are an essential element of the IRIS program. IRIS staff will work with local organizations to determine appropriate, country-specific activities.

Subgrants

The IRIS Center may make subgrants to foreign organizations for the purpose of organizational strengthening/development in support of in-country institutional reform efforts. These subgrants will link the IRIS Center's management, technical cooperation and training with grant funding to indigenous organizations for organizational development in order to ensure that in-country institutional reform activities are effective and well-coordinated. All subgrants are to be made pursuant to the Standard provision of this agreement entitled "Subagreements."

Organizational Structure

The IRIS Center proposes to maintain a core staff located within the Washington, DC metropolitan area to administer the program and undertake fundamental research on policy formulation as well as on the reform of the institutional and legal infrastructures that support or constrain competitive, free market approaches to economic development. IRIS proposes to develop field teams to test, adapt and implement the new approaches to institutional reform in participating countries. The organizational design of IRIS entails an Executive Director and operating units performing the following functions: research, training, communications, field programs, and finance and administration.

VI. First Year Work Plan

The following is the first year work plan.

The IRIS Center will strive to simultaneously:

- (a) assist in-country organizations in developing their institutional reform programs;
- (b) disseminate information on institutional reform worldwide; and
- (c) create new knowledge regarding institutional reforms that support market-based, democratic development.

The IRIS Center program must be innovative and experimental in nature. The first year of the program, in particular, will be developmental as the IRIS Center sets out to identify potential partner organizations, gather new information, communicate the concepts of informality and institutional reform, and develop the appropriate strategies. Accordingly, during the first year, the IRIS Center will follow a six-step program of developmental activities designed to yield the framework for the five-year program of work. Each of the six steps is identified below.

1. Provide in-depth assistance to and pilot test IRIS concepts and approaches in 3 to 4 countries and conduct assessments for institutional reform projects in other countries.
 - A. The general concepts of institutional reform and the informal sector as applied by Hernando de Soto and others have proven to be successful in generating change in Peru. The IRIS Center will work with private sector organizations

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in three to four countries during the first year to determine under what conditions these ideas can be useful in other settings and what types of changes may have to be made.

The IRIS Center proposes activities as follows:

- (a) Introductory workshop on IRIS approaches.
 - (b) Expertise on specific areas including economic analysis, communications, organizational development, strategic planning and the like.
 - (c) Periodic Institutional Reform reviews and strategy development workshops to foster in-country program development.
- B. The IRIS Center will work with a larger number of countries to support collaborative research in developing institutional reform programs and projects.

The result of this initiative will be evaluations of the pilot tests to determine the types of program approaches most likely to yield institutional reform.

2. Create a world-wide data base and network

The IRIS Center will undertake a world-wide survey to identify the organizations and individuals active in institutional reform efforts. The results of this survey will be used to lay the groundwork for program expansion in the second through the fifth years. Sources for the survey will include:

- (a) Conferences on the informal sector held by donors and other organizations such as the Center for International Private Enterprise.
- (b) The groups that have a working relationship with the Institute for Liberty and Democracy, ACCION International, the International Center for Economic Growth and others.
- (c) Donor personnel.
- (d) Academic research programs known to the University of Maryland and other academic centers around the world.
- (e) Other appropriate sources.

The results of this initiative will be:

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- (a) Establishment of the IRIS Center database of organizations and individuals active in institutional reform efforts.
- (b) A Clearinghouse of research reports, data bases, and sources of expertise available to work with the IRIS Center.

3. Develop an Eastern European regional initiative

The transformation of Eastern Europe from command systems to market-based democracies is a central challenge of the decade and is, fundamentally, an issue of institutional reform. Further, each of the East European countries has a large second economy (informal sector).

During the first year, the IRIS Center will lay the groundwork for cooperation with emerging private sector think tanks and research organizations in the region through the following:

- (a) The planning, coordination and conduct of all aspects of an East European Conference on Institutional Reform and the Informal Sector to be held in Budapest or Prague featuring East European scholars already known to proposed IRIS Center staff, American experts, and international figures such as Hernando de Soto.
- (b) Follow-up technical cooperation with East European groups seeking to develop their own programs and institutions.
- (c) Translating and final editing of conference presentations that will be presented by conference participants and circulating conference presentations to conference participants and attendees.

The result of this initiative will be to:

- (a) Establish a dialogue with those Eastern Europeans who are interested in or active in institutional reform.
- (b) Provide technical cooperation for emerging think tanks in the areas of economic analysis, strategic planning, communications, and advocacy.
- (c) Expand the knowledge base regarding institutional transformation through the development of working papers.
- (d) Develop a program of work for the region for the next four years based on the needs of the East Europeans.

4. Develop IRIS Center Training Programs

Because expertise in institutional reform is currently very limited, both in the developed and in the developing countries, the IRIS Center will develop a series of short-term training programs and internships aimed at increasing the number of individuals who can engage in design and implementation of institutional reform programs.

During the first year, IRIS will develop the training modules to support the different training programs for the next four years, and carry out the following additional activities:

- (a) Develop a short-term training program to be held overseas on a regional basis. The purpose will be to equip those organizations with the conceptual tools to carry out their long-term programs. It is expected that the program will rotate between regions on an annual basis.
- (b) Arrange for training of selected participants, from local organizations that are working on institutional reform, to be held either at the University of Maryland or at the Institute for Liberty and Democracy. These workshops will be held in response to requests from selected countries.
- (c) Develop a strategy for training senior and junior professionals working in the United States.
- (d) Conduct short-term training workshops within specific countries for local groups working on institutional reform. These workshops will be held in response to requests from selected countries.
- (e) Identify and recruit two-three interns to work at the IRIS Center for 6 - 12 months.

The main output of this initiative will be the development of training modules and the conduct of training for the different types of regional, in-country, and U.S. based programs.

5. Create a Program to Expand the Knowledge Base and Examine Strategic Approaches

Although the informal sector exists in nearly every developing country as well as Eastern Europe, approaches to institutional reform must be tailored to the specific political, economic, and social conditions in a concrete country setting. Hence, there is a need to expand the knowledge base on the institutional requirements for growth and examine alternative

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strategic approaches to institutional reform. The pilot test (Step 1) and the Eastern European initiative (Step 3) will yield some of this information but much more work will be needed.

The concept of strategic development is intended to explicitly integrate economic and political variables to better understand the nature of institutional reform. Such development will entail examining factors such as type of regime (authoritarian vs. quasi-democratic), electoral systems (proportional representation vs. winner-take-all), degree of governmental centralization, and other systemic factors. Each of these variables has a direct impact on the potential for institutional reform.

Accordingly, the IRIS Center will begin the process of expanding the knowledge base and examining strategic approaches through the following first year projects:

- (a) Hold a strategy development workshop. Participants will include (a) academic experts, (b) selected donor personnel, and if possible, (c) ILD participation. (This workshop will be one of the first initiatives and will establish an agenda for examining remaining gaps in our knowledge base.)
- (b) Develop a common set of political, economic and social criteria for inclusion in research and development plans.
- (c) Commission working papers and other research undertakings. These papers will be both on general topics (i.e. on political elements) and country or region specific issues.
- (d) Publish working papers and other research suitable for publication.

The result of this initiative will be:

- (a) Working papers laying out strategic issues.
- (b) The data/concepts essential for development of the IRIS Center.

6. Create a communications and dissemination program

The five-step program will culminate in concepts and products that need to be disseminated broadly to focus attention on the informal sector and institutional reform issues. Accordingly, the IRIS Center will develop a multi-faceted communications program including the following elements:

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- (a) IRIS Center Newsletter
- (b) A Working Paper Series
- (c) A Special Report on the Eastern European Conference

STANDARD PROVISIONS

Note: Only those Standard Provisions indicated in Section 1K.
of this Cooperative Agreement apply to this Cooperative
Agreement.

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		2 PIO T No. 940-0015-3-0342340	3 <input type="checkbox"/> Original or Amendment No <u>1</u>
		4 Project Activity No and Title Institutional Reform and the Informal Sector (IRIS) Project 940-0015	

DISTRIBUTION Date Posted: <u>6-26-90</u> Initials: <u>R Anderson</u> PFM/FM/A/PNP OFFICE OF FINANCIAL MANAGEMENT FUNDS RESERVED BY:	5 Appropriation Symbol 72-1101021.6	6 Budget Plan Code PDSA-90-13460-KG-11 (046-34-099-00-69-01)
	7 Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document	8 Project Assistance Completion Date (Mo., Day, Yr.) 9/30/ 95
	9 Authorized Agent MS/OP/W	10 This PIO T is in full conformance with PRO-AG No Date
11a Type of Action and Governing AID Handbook <input type="checkbox"/> AID Contract (HB 14) <input checked="" type="checkbox"/> AID Grant or Cooperative Agreement (HB 13) <input type="checkbox"/> PASA RSSA (HB 12) <input type="checkbox"/> Other		11b Contract, Grant, Cooperative Agreement PASA RSSA Reference Number (if this is an Amendment)

12 Estimated Financing (A detailed budget in support of column (2) is attached as Attachment No _____)					
Maximum AID Financing Available	A Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
		\$800,000	\$50,000		\$850,000
	B U.S. Owned Local Currency				

13 Mission References

14A Instructions to Authorized Agent

MS/OP/W is requested to obligate an additional \$50,000 in FY 90 to the cooperative agreement with the University of Maryland. All other terms and conditions remain the same.

Technical Notification submitted 6/26/90; Actual obligation of this \$50,000 may not be incurred until notified that the TN has expired without objection!!

14B Address of Voucher Paying Office

PFM/FM/CMPD/DCB, A.I.D./Washington, DC 20523-0209 (Room 700 SA-2)

15 Clearances - Includes typed name, office symbol, telephone number and date for all clearances

A The Project Officer certifies that the specifications in the statement of work or program description are technically adequate	Phone No 7-7474	B The statement of work or program description lies within the purview of the initiating office and approved agency programs.	Date 6-25-90
	Date 6-25-90		
PRE/PD, Catherine Gordon		PRE/PD, Russell Anderson	
C PRE/DP, Shelia Scott PRE/DP, Karen Simpson	Date 6-26-90	D. Funds for the services requested are available	Date
	Date		
E USAID/NEPAL, M. Calahan		PFM/FM/A/PNP, Rose Anderson	

16 For the Cooperating Country The terms and conditions set forth herein are hereby agreed to

Signature _____ Date _____

17. For the Agency for International Development

Signature Robert L. Friedline Date 6-26-90

Title **PRE/DP, Robert L. Friedline, Dir.**

*See HB 3 Sup A, App C, Att B for preparation instructions. Note The completed form contains sensitive information whose unauthorized disclosure may subject an employee to disciplinary action

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